

9/18/06  
3rd Edg

MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN 9/18/06  
2006 (SECOND) Regular Session

**Bill No. 266 (EC)**

As <sup>amended in</sup> substituted by the  
Committee of the Whole

Introduced by:

**Committee on Calendar**

by request of *I Maga'lahaen Guåhan*,  
the Governor of Guam, in accordance  
with the Organic Act of Guam.

AN ACT MAKING APPROPRIATIONS FOR THE OPERATIONS OF THE GUAM PUBLIC SCHOOL SYSTEM, UNIVERSITY OF GUAM, GUAM COMMUNITY COLLEGE, GUAM EDUCATIONAL TELECOMMUNICATION CORPORATION (KGTF) AND THE GUAM PUBLIC LIBRARY SYSTEM FOR FISCAL YEAR ENDING SEPTEMBER 30, 2007; TO ESTABLISH THE ESTIMATED GOVERNMENT OF GUAM REVENUES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2007; MAKING APPROPRIATIONS TO ADDRESS CONTINUING DEBT SERVICE; TO AUTHORIZE *I MAGA'LAHEN GUÅHAN* TO ISSUE GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS FOR THE PURPOSE OF REFINANCING CERTAIN GENERAL FUND OBLIGATIONS AND FINANCING CERTAIN CAPITAL EXPENSE ITEMS AND CAPITAL IMPROVEMENTS OF THE GUAM PUBLIC SCHOOL SYSTEM AND THE UNIVERSITY OF GUAM; AND, ESTABLISHING MISCELLANEOUS EDUCATIONAL PROVISIONS.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 CHAPTER I

3 GENERAL PROVISIONS

4 Section 1. Short Title. This Act shall be known as the "*Educational*  
5 *Appropriations Act of 2007*". Except as otherwise provided herein, the

1 appropriations made by this Act shall be available to pay for obligations  
2 incurred on or after October 1, 2006, but *no* later than September 30, 2007.  
3 If any appropriation of this Act is found to violate federal law, all other  
4 portions shall remain valid.

5 **Section 2. Estimated Revenues for Fiscal Year 2007.** *I Liheslaturan*  
6 *Guåhan*, the Guam Legislature, adopts the following revenue estimate for  
7 Fiscal Year 2007, said estimates are the basis for the appropriation in this  
8 Act.

I. GENERAL FUND REVENUES	<u>AMOUNT</u>
A. TAXES	
Income Tax	
Corporate	\$ 72,351,905
Individual	\$ 43,485,645
Withholding Taxes, Interest and Penalties	\$188,644,496
Provision for Tax Refund and EITC	(\$75,600,000)
<b>TOTAL INCOME TAXES</b>	<b>\$228,882,046</b>
Gross Receipts Tax	\$162,565,341
Other Taxes	<u>\$3,054,447</u>
<b>TOTAL TAXES</b>	<b>\$394,501,834</b>
<b>B. FEDERAL SOURCES</b>	<b>\$57,961,358</b>
Federal Income Tax Collection (Section 30 Funds);	
Immigration Fees and Indirect Cost	
<b>C. USE OF MONEY AND PROPERTY</b>	<b>\$906,895</b>

1	<b>D. LICENSES, FEES AND PERMITS</b>	\$1,643,484
2	<b>E. DEPARTMENT CHARGES</b>	\$1,334,351
3	<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$456,347,922</b>
4	<b>II. SPECIAL FUND REVENUES</b>	
5	A. Air Pollution Control Special Fund	\$ 221,182
6	B. Chamorro Land Trust Operations Fund	492,266
7	C. Corrections Revolving Fund	1,539,134
8	D. Customs, Agriculture and Quarantine Inspection	
9	Services Fund	8,167,484
10	E. Enhanced 911 Emergency Reporting System Fund	2,082,787
11	F. Environmental Health Fund	497,710
12	G. Guam Contractors License Board Fund	334,901
13	H. Guam Environmental Trust Fund	191,812
14	I. Guam Highway Fund	15,324,872
15	J. Guam Plant Inspection and Permit Fund	44,507
16	K. Healthy Futures Fund	10,665,466
17	L. Interim Transition Coordinating Committee Fund	
18	(RTB Stock Redemption)	1,813,068
19	M. Judiciary Building Fund	20,000
20	N. Land Survey Revolving Fund	950,000
21	O. Manpower Development Fund	148,485
22	P. Police Services Fund	370,084
23	Q. Professional Engineers, Architects and	
24	Land Surveyors Board Fund	201,825

1	R. Public Recreation Services Fund	154,717
2	S. Safe Streets Fund	236,000
3	T. School Lunch/SAE/Child Nutritional Meal	
4	Reimbursement Fund	6,500,000
5	U. Solid Waste Operations Fund (Tipping Fees)	5,822,582
6	V. Street Light Fund	3,912,927
7	W. Territorial Education Facilities Fund	20,280,840
8	X. Tourist Attraction Fund	23,100,000
9	Y. Water Protection Fund	54,242
10	Z. Water Research and Development Fund	<u>79,518</u>
11	<b>TOTAL SPECIAL FUND REVENUE</b>	<b>\$103,206,409</b>

12 **III. FEDERAL MATCHING GRANTS-IN-AID**

13 **Federal Grants-In-Aid Requiring Local Match:**

14	A. Agriculture	\$560,565
15	B. Guam Council on the Arts and Humanities Agency	237,600
16	C. Guam Election Commission	700,000
17	D. Guam Police	546,918
18	E. Integrated Services for Individuals with Disabilities	2,052,208
19	F. Judiciary of Guam	311,926
20	G. Labor	33,100
21	H. Law (AG)	4,205,679
22	I. Military Affairs	839,150
23	J. Public Health and Social Services	22,346,660
24	K. University of Guam	<u>1,508,000</u>

1 TOTAL FEDERAL MATCHING GRANTS-IN-AID \$33,341,806

2 REVENUE SUMMARY:

3 TOTAL GENERAL FUND REVENUE \$456,347,922

4 TOTAL SPECIAL FUND REVENUE \$103,206,409

5 TOTAL FEDERAL MATCHING GRANTS-IN-AID \$ 33,341,806

6 GRAND TOTAL \$592,896,137

7 Section 3. Debt Service. The following are continuing  
8 appropriations for debt service requirements:

9 A. GENERAL OBLIGATIONS

10 BOND 1993 SERIES A

11 (TEFF) \$10,598,839

12 B. LIMITED OBLIGATION

13 HIGHWAY REFUNDING

14 BOND 2001 SERIES A

15 (GHF) \$ 6,026,863

16 C. LIMITED OBLIGATION

17 (SECTION 30) BONDS 2001

18 SERIES A (SECTION 30

19 FUNDS) \$ 9,822,208

20 D. 2002 SHORT TERM

21 FINANCING (SECTION 30

22 FUNDS) \$ 1,281,818

23 E. LIMITED OBLIGATION

1	INFRASTRUCTURE	
2	IMPROVEMENT BONDS,	
3	1997 SERIES A (TAF)	<u>\$ 7,255,789</u>
4	TOTAL DEBT SERVICE	\$34,985,517

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

CHAPTER II.

Part I – GUAM PUBLIC SCHOOL SYSTEM

Section 1. **Guam Public School System Operations Fund.** Section 52101 of Chapter 52 of Division 2 of Title 11 of the Guam Code Annotated is hereby *repealed* and *reenacted* to read:

“Chapter 52

§52101. **Creation of the Guam Public School System Operations Fund.** (a) There is hereby created, separate and apart from other funds of the government of Guam, a fund known as the ‘Guam Public School System Operations Fund’. This fund shall *not* be commingled with the General Fund and shall be kept in a separate bank account to be in the name of the Guam Public School System (GPSS). The amount appropriated by *I Liheslaturan Guåhan* to the Guam Public School System for its annual operations shall be deposited in the Guam Public School System Operations Fund to cover the operational expenses of the Guam Public School System and any use associated with the Guam Public School System, as determined in the Guam Public School System budget in accordance with Title 10 GCA Chapter 3, by the Guam Education Policy Board *or* the laws of Guam. The Superintendent of Education shall conduct public hearings at the public schools *prior* to the submission of the budget to the Guam Education Policy Board in order to address each school’s individual budgetary requirements.

1           **(b)** The Superintendent of Education shall create and submit to  
2 the Speaker of *I Liheslaturan Guåhan*, *I Maga'lahren Guåhan* and the  
3 Director of Administration projected schedules of monthly cash  
4 disbursements for each school, division and program, by expenditure  
5 category, for the fiscal year. Such projected disbursements shall *not*  
6 exceed the total amount appropriated by *I Liheslaturan Guåhan* for the  
7 purpose of such appropriation. The Public Auditor shall approve the  
8 schedules.

9           **(c)** Thirty (30) days after the Public Auditor approves the cash  
10 disbursement schedules, the Superintendent of Education shall  
11 certify and submit to the Speaker of *I Liheslaturan Guåhan*, *I*  
12 *Maga'lahren Guåhan*, the Director of Administration and the Public  
13 Auditor, a revised budget document, in the format of the FY 2007  
14 Budget Call forms of the Bureau of Budget and Management  
15 Research, including appropriations necessary to comply with Title 1  
16 GCA §715 Item 12 (a) through (m), that shall reflect *all* adjustments to  
17 the detailed breakdown contained in the original GPSS budget  
18 submission to *I Liheslaturan Guåhan*, to be consistent with the  
19 amounts allocated for each school and division in the GPSS projected  
20 cash disbursement schedules prepared by the Superintendent and  
21 approved by the Public Auditor. *All* quantities and items must be  
22 adjusted accordingly. The revised budget document will be a guide  
23 for every school, division and program, as well as *I Liheslaturan*  
24 *Guåhan*, *I Maga'lahren Guåhan* and the Public Auditor, to ensure that



1 appropriated funds are used for the purposes intended. The revised  
2 budget document shall be posted, in its entirety, on the GPSS's  
3 website and shall be updated each quarter. Penalties imposed for  
4 non-compliance with reporting requirements shall apply to this  
5 requirement.

6 (d) The Director of Administration shall deposit, on the last day  
7 of each month, a sum equal to the amount required by the projected  
8 schedules of cash disbursements prepared by the Superintendent,  
9 into the Guam Public School System Operations Fund, *except* that the  
10 Director of Administration for the first (1st) month of the fiscal year,  
11 on the first (1st) Friday of October, shall make a deposit equal to the  
12 amount required for the first (1st) month of the fiscal year, as  
13 reflected in the Guam Public School System's projected monthly  
14 schedules of cash disbursements, from the prior month's General  
15 Fund revenue collections. The Director of Administration shall, on  
16 the first (1st) day of each month, transfer to the Guam Public School  
17 System all funds held in the Guam Public School System Operations  
18 Fund, *except* that for the first (1st) month of Fiscal Year 2007, on  
19 October 15, 2006, the Director of Administration shall transfer all  
20 funds contained in the Guam Public School System Operations Fund  
21 to the Guam Public School System.

22 (e) Before releasing the appropriation allotment to any  
23 government entity other than the Guam Public School System *or* from  
24 any other appropriation, the Director of the Bureau of Budget and

1 Management Research shall *first* ensure that the Director of  
2 Administration has deposited the monthly cash requirement of the  
3 Guam Public School System into the Guam Public School System  
4 Operations Fund.

5 (f) Nothing herein shall be construed as preventing *I*  
6 *Liheslaturan Guåhan* from making additional appropriations to the  
7 Guam Public School System. *I Maga'lahren Guåhan's* transfer authority  
8 shall *not* apply to this *or* any other appropriation to the Guam Public  
9 School System, *except* that *I Maga'lahren Guåhan* may transfer funds  
10 into the Guam Public School System to the extent permitted by law. *I*  
11 *Maga'lahren Guåhan* may transfer to the Guam Public School System  
12 funds in excess of the amounts appropriated to the Guam Public  
13 School System herein if he determines that an emergency has created  
14 a need for such a transfer."

15 **Section 2. Appropriations to the Guam Public School System for**  
16 **Fiscal Year 2007.** The amounts, in the subsections below, totaling One  
17 Hundred Eighty-four Million Three Hundred Forty-six Thousand Four  
18 Hundred Sixty-six Dollars (**\$184,346,466**) are from the following Funds,  
19 and for the following purposes, to the Guam Public School System for  
20 Fiscal Year 2007:

21 (a) **Guam Public School System Operations Fund**  
22 **Appropriation.** Pursuant to Sections 52101 and 52102 of  
23 Chapter 52, Division 2 of Title 11 Guam Code Annotated, as  
24 *amended* by this Act, the sum of One Hundred Seventy-two

1 Million Nine Hundred Fifty-seven Thousand Eight Hundred  
2 Four Dollars (**\$172,957,804**), which is inclusive of such sums as  
3 are necessary for the implementation of salary adjustments for  
4 locally funded teacher positions pursuant to Public Law 28-36,  
5 as *amended* by Section 26 of Part I of Chapter II of Public Law  
6 28-68, based on the fourteen percent (14%) teacher salary  
7 adjustments recommended by the Department of  
8 Administration: and which is also inclusive of a sum *not*  
9 exceeding One Million Ninety-eight Thousand Three Hundred  
10 Forty-five Dollars (\$1,098,345) for software, training, system  
11 conversion services, consulting and project management,  
12 hardware servers, hardware storage peripherals and hardware  
13 redundancy systems in the implementation of the Guam Public  
14 School System Student Management System, is appropriated  
15 from the General Fund to the Guam Public School System  
16 Operations Fund for Fiscal Year 2007. This appropriation shall  
17 be expended in accordance with the approved cash  
18 disbursement schedules mandated by this Act.

19 **(b) Interscholastic Sports Fund.** For Fiscal Year 2007,  
20 the sum of Five Hundred Nine Thousand Two Hundred Forty-  
21 six Dollars (**\$509,246**) is appropriated from the Healthy Futures  
22 Fund to the Interscholastic Sports Fund within the Guam Public  
23 School System to fund Interscholastic Sports Programs.

1 Expenditure of these funds shall comply with Title 17 GCA  
2 §7108.

3 (c) **Health and Physical Education Activities.** For  
4 Fiscal Year 2007, the sum of Three Hundred Twenty-four  
5 Thousand Four Hundred Sixteen Dollars (**\$324,416**) is  
6 appropriated from the Healthy Futures Fund to the Guam  
7 Public School System for Health and Physical Education  
8 programs, intramural sports, and similar activities.

9 (d) ***Y Kuantan Salappe'Prinsepat (Principals' Fund).***

10 (1) The sum of Five Hundred Fifty-five Thousand  
11 Dollars (**\$555,000**) is appropriated from the General Fund  
12 to the Guam Public School System for the Principals'  
13 Fund for Fiscal Year 2007. The amount appropriated  
14 herein shall be allocated per student to each school, based  
15 on the student population of each school at the end of the  
16 *prior* school year; provided that *no* school shall receive  
17 less than Five Thousand Dollars (**\$5,000**).  
18 Notwithstanding Sections 10101 and 10102 of Title 17  
19 GCA, each principal shall use the proceeds he receives to  
20 develop and implement a program to protect his school  
21 from vandalism. Every principal shall coordinate with  
22 his school's Parent Teacher Organization and submit an  
23 anti-vandalism program to the Superintendent for  
24 approval.

1 (2) Any unreleased and unexpended appropriations  
2 made by Section 5 of Part I of Chapter II of Public Law 28-  
3 68 may be expended in Fiscal Year 2007.

4 (e) **School Nutritional Meals.** Up to Six Million Five  
5 Hundred Thousand Dollars (**\$6,500,000**) is appropriated from  
6 the School Lunch/SAE/Child Nutritional Meal Reimbursement  
7 Fund to the Guam Public School System for non-personnel  
8 operating expenses incurred in accordance with the established  
9 guidelines for said programs.

10 (f) **Appropriation to the Guam Public School**  
11 **System for Summer School.** For Fiscal Year 2007, there is  
12 hereby appropriated such sums as are necessary from the  
13 Summer School Fund established pursuant to §6119 of Article 1  
14 of Chapter 6 of Division 1 of Title 17 Guam Code Annotated, to  
15 the Guam Public School System to fund the operations of the  
16 2007 Summer School Program. The Superintendent of  
17 Education shall submit a detailed report to *I Maga'lahaen Guåhan*  
18 and the Speaker of *I Liheslaturan Guåhan* regarding the receipt  
19 and expenditure of said funds *no later than* thirty (30) days after  
20 the close of summer school and post the same on the GPSS  
21 website. Such report shall include the following:

22 (1) total revenues received, including  
23 identification of each revenue source;

1 (2) total expenditures and encumbrance by object  
2 classification and by school; and

3 (3) the fund balance.

4 (g) **Appropriation for Textbooks and Collateral**  
5 **Materials.** The following are appropriations to the Guam  
6 Public School System for the purchase of textbooks, e-book  
7 readers and collateral materials to include software, sheet  
8 music and music books in accordance with the conditions and  
9 terms expressed in the following subsections:

10 (1) For Fiscal Year 2007, the sum of Three Million  
11 Five Hundred Thousand Dollars (**\$3,500,000**) is  
12 appropriated from the General Fund from Fiscal Year  
13 2008 revenues to the Guam Public School System for the  
14 purchase of textbooks, e-book readers and collateral  
15 classroom instructional materials to include software,  
16 sheet music and music books. The Superintendent may,  
17 *if necessary*, through agreements with textbook vendors,  
18 defer payment for said materials until *after* October 1,  
19 2007, but *not later than* December 31, 2007, with the full  
20 faith and credit of the government of Guam.

21 (2) The Guam Public School System shall order all  
22 textbooks, e-book readers and collateral classroom  
23 instructional materials, to include software, sheet music  
24 and music books funded by this section, *no later than*

1 March 1, 2007 for Fiscal Year 2008, and the Bureau of  
2 Budget and Management Research shall release such  
3 allotments as are necessary to ensure that such textbooks,  
4 e-book readers and collateral classroom instructional  
5 materials, to include software, sheet music and music  
6 books, are ordered by this deadline. All textbooks and  
7 collateral classroom instructional materials to include  
8 software, sheet music and music books, shall be received  
9 and distributed to schools *no later than* thirty (30) days  
10 *prior* to the start of the school calendar established  
11 pursuant to Title 17 Guam Code Annotated §4111. All  
12 funds appropriated for textbooks, e-book readers and  
13 collateral classroom instructional materials, to include  
14 software, sheet music and music books, shall *not* be used  
15 for any other purpose.

16 (3) For Fiscal Year 2007, on the first (1st) day of each  
17 fiscal quarter, the Superintendent of Education shall  
18 provide a detailed report to *I Maga'lahaen Guåhan* and the  
19 Speaker of *I Liheslaturan Guåhan* on all receipts and  
20 expenditures for textbooks, e-book readers and collateral  
21 classroom instructional materials to include software,  
22 sheet music and music books. The report shall be  
23 accompanied by the certified list of textbooks approved  
24 by the Guam Education Policy Board and all purchase

1 orders issued. The report shall be posted on the GPSS  
2 website. The report shall include summaries of the  
3 following information:

4 (A) purchases by allotment account number, unit cost  
5 and total cost of books charged against appropriation  
6 account, vendor, quantity, title, copyright date and ISBN  
7 number of books ordered, allocation of such books by  
8 school and grade, and statements as to whether books are  
9 for teachers or students and whether books are textbooks  
10 or e-books;

11 (B) the number of textbooks and e-book readers lost *or*  
12 damaged, the amounts collected for such lost *or* damaged  
13 items and the amount of receivables due for such lost *or*  
14 damaged items for the preceding fiscal year and the  
15 current fiscal year by month; and

16 (C) other information that may be useful, *or* requested  
17 by *I Liheslaturan Guåhan*, regarding an accounting for  
18 funds appropriated for such purposes.

19 Non-compliance with these reporting requirements by the Superintendent  
20 of Education shall result in the sanctions and penalties imposed by this Act.

21 **Section 3. Website Posting.** The Guam Public School System shall  
22 post on its website the following:



- 1 (a) All payments for *prior* year obligations to be paid by  
2 current appropriations, salary adjustments by position  
3 and the funding source for each, by month.
- 4 (b) Cash Disbursement Schedules created pursuant to this  
5 Act.
- 6 (c) Number of filled FTEs, costs and funding sources by  
7 school and division by month.
- 8 (d) Number of vacant FTEs, costs and funding sources by  
9 school and division by month.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

CHAPTER II.

Part II – UNIVERSITY OF GUAM

**Section 1. Appropriations to the University of Guam.** The amounts, in the Subsections below, totaling Thirty-two Million Nine Hundred Sixty-three Thousand Seven Hundred Twenty-two Dollars (**\$32,963,722**) are from the following Funds, and for the following purposes, to the University of Guam for Fiscal Year 2007:

(a) **General Fund Appropriation for Operations.** The sum of Twenty-four Million Six Hundred Sixteen Thousand Nine Hundred Forty-seven Dollars (**\$24,616,947**) is appropriated from the General Fund to the University of Guam for its operations in Fiscal Year 2007.

(b) **Special Fund Appropriation for Operations.** The sum of Two Million Two Hundred Sixty Thousand Two Hundred Sixty-one Dollars (**\$2,260,261**) is appropriated from the Territorial Education Facilities Fund to the University of Guam for its operations in Fiscal Year 2007.

(c) **Federal Matching Grants-in-Aid.** The sum of One Million Five Hundred Eight Thousand Dollars (**\$1,508,000**) is authorized from the Federal Matching Grants-in-Aid to the University of Guam for its operations in Fiscal Year 2007.

(d) **Scholarships and Training Programs.** The following appropriations are made to the University of Guam for Fiscal Year 2007:

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

(1) **Student Scholarships, Financial Assistance**

**Programs and Program Administration.** The sum of Two Million Five Hundred Thirty-five Thousand Six Hundred Seventy Dollars (**\$2,535,670**) is appropriated from the General Fund to the University of Guam for Fiscal Year 2007 to be expended for the following student scholarships, financial assistance programs and program administrations: Merit Awards, Student Loans, Nurse Training Programs, Professional and Technical Awards, Reserve Officer Training Corps ("ROTC"), Regent Scholarships, Marine Lab Graduates Assistance Programs, Early High School Admission Programs, Pedro "Doc" Sanchez Scholarship Programs, John F. Quan Memorial Scholarship Programs and administration of all student financial assistance programs. The President of the University of Guam shall allocate this appropriation in order to fund student scholarships, financial assistance programs and program administration.

(2) **Dr. Antonio C. Yamashita Educator Corps.**

The sum of One Million Three Hundred Fourteen Thousand Six Hundred Ninety-six Dollars (**\$1,314,696**) is appropriated from the General Fund to the University of Guam for Fiscal Year 2007. The President shall disburse, pursuant to the directives and policies of the Educator Corps Council, for stipends for the Dr. Antonio C. Yamashita Educator Corps and for the

1 administration of the program, in accordance with the  
2 provisions of Title 17 GCA, Chapter 18 and §15107 of Title 17 of  
3 the Guam Code Annotated, as *amended*.

4 In addition to such other reports as may be required  
5 by this Act, the President of the University of Guam shall post  
6 on the University of Guam's website all reports mandated by  
7 this Act that relate to the Dr. Antonio C. Yamashita Educator  
8 Corps. Sanctions and penalties imposed for non-compliance  
9 with reporting requirements shall apply to the appropriation  
10 for the Dr. Antonio C. Yamashita Educator Corps.

11 **(e) Appropriation for the Aquaculture Development and**  
12 **Training Center.** The sum of One Hundred Forty Thousand Dollars  
13 **(\$140,000)** is appropriated from the General Fund to the University of  
14 Guam ("UOG") for Fiscal Year 2007 for the *sole* purpose of funding  
15 the continued operations of the Aquaculture Development and  
16 Training Center. Such funds shall *not* be transferred *or* used for any  
17 other purpose.

18 **(f) Guam Hydrologic Survey.** The sum of Two Hundred  
19 Four Thousand Two Hundred Dollars **(\$204,200)** is appropriated for  
20 Fiscal Year 2007 from the General Fund to the University of Guam  
21 ("UOG") to fund the Water and Environmental Research Institute of  
22 the Western Pacific ("WERI") for the *sole* purpose of funding the  
23 Guam Hydrologic Survey ("GHS"). WERI shall continue to  
24 administer the GHS for the same purposes that have previously been

1 established by the laws of Guam. Such funds shall *not* be transferred  
2 *or* used for any other purpose.

3 **(g) Comprehensive Water Resource Monitoring Program.**

4 The sum of One Hundred Seventy-three Thousand Nine Hundred  
5 Forty-eight Dollars (**\$173,948**) is appropriated for Fiscal Year 2007  
6 from the General Fund to the University of Guam ("UOG") to fund  
7 the Water and Environmental Research Institute of the Western  
8 Pacific ("WERI"). Such funds shall be used for the *sole* purpose of  
9 matching the Federal funding for the Comprehensive Water Resource  
10 Monitoring Program. WERI shall continue to administer the  
11 Comprehensive Water Resource Monitoring Program for the same  
12 purposes that have previously been established by the laws of Guam.  
13 Such funds shall *not* be transferred *or* used for any other purpose.

14 **(h) University of Guam for the College of Natural and**

15 **Applied Sciences.** The sum of Ninety Thousand Dollars (**\$90,000**) is  
16 appropriated from the General Fund for Fiscal Year 2007 to the  
17 University of Guam for the College of Natural and Applied Sciences  
18 and said amount shall be divided equally between the Northern and  
19 Southern Soil and Water Conservation District Programs. Such funds  
20 shall *not* be transferred *or* used for any other purpose.

21 **(i) University of Guam for KPRG (Public Radio).** The sum

22 of One Hundred Thousand Dollars (**\$100,000**) is appropriated from  
23 the General Fund to the University of Guam for FY 2007 for KPRG

1 (Public Radio) operations. The President of the University shall  
2 disburse the funds to KPRG.

3 No later than thirty (30) days after the close of each fiscal  
4 quarter of FY 2007, the General Manager of KPRG shall submit to the  
5 President of the University of Guam, and post on KPRG's website, all  
6 reports mandated by this Act. Sanctions and penalties imposed for  
7 non-compliance with reporting requirements shall apply to the  
8 appropriation for the KPRG.

9 (j) **University of Guam for Hero Scholarship Program.** The  
10 sum of Twenty Thousand Dollars (\$20,000) is appropriated from the  
11 Judicial Building Fund to the University of Guam for the Hero  
12 Scholarship Program for Fiscal Year 2007. Such funds shall *not* be  
13 transferred *or* used for any other purpose.

14 **Section 2. Program Revenue and Expenditure Reports.** Beginning  
15 in Fiscal Year 2007, thirty (30) days after the close of each fiscal quarter, the  
16 President of the University of Guam shall submit separate quarterly  
17 revenue and expenditure reports to *I Maga'láhen Guåhan* and the Speaker of  
18 *I Liheslaturan Guåhan* for the Aquaculture Development and Training  
19 Center, WERI Guam Hydrologic Survey, WERI Comprehensive Water  
20 Resource Monitoring Program, Northern and Southern Soil and Water  
21 Conservation District Programs and KPRG. Such reports shall be in the  
22 format of basic financial statements or as may be prescribed by *I*  
23 *Liheslaturan Guåhan* and shall be posted on the University of Guam's  
24 website.

1           **Section 3. Program Annual Reports.**   Beginning in Fiscal Year

2 2007, the President of the University of Guam shall submit separate annual  
3 reports for the following programs and activities to *I Maga'lahren Guåhan*  
4 and the Speaker of *I Liheslaturan Guåhan*: Aquaculture Development and  
5 Training Center, WERI Guam Hydrologic Survey, WERI Comprehensive  
6 Water Resource Monitoring Program, Northern and Southern Soil and  
7 Water Conservation District Programs and KPRG. At a minimum, such  
8 reports shall include the following: program mission, goals, objectives,  
9 sources of revenue, expenditures by budget object classification, number of  
10 employees, contracts and program accomplishments in the fiscal year  
11 reported. Such Annual Reports shall be posted on the University of  
12 Guam's website.

13           **Section 4. Scholarships, Financial Assistance and other Reports.**

14 Beginning in Fiscal Year 2007, sixty (60) days after the close of the fiscal  
15 year, the President of the University of Guam shall submit to *I Maga'lahren*  
16 *Guåhan* and the Speaker of *I Liheslaturan Guåhan*, and post on the University  
17 of Guam's website, a report of expenditures from appropriations made in  
18 this Act, for student scholarships, student financial assistance, the Dr.  
19 Antonio C. Yamashita Educator Corps and the Educator Corp Council.  
20 Said report shall include information for every program reported on  
21 regarding the program name, the number of scholarships or loans issued,  
22 the date the scholarship or loan was awarded, the anticipated date of  
23 cohort graduation, the total amount of recipient's awards or loans, the total  
24 amount of loans repaid to date, and the balance of the outstanding awards

1 or loans, the amount of collections to date for outstanding loans and  
2 repayments due, the number of awards for each field of study, and the  
3 total number of recipients working to complete their obligations.

4 **Section 5. Non-compliance with Reporting Requirements.** For  
5 appropriations made to the University of Guam, all de-appropriation  
6 penalties imposed by this Act for non-compliance with reporting  
7 requirements shall be applied against the specific appropriation to the non-  
8 compliant program.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

CHAPTER II.

Part III – GUAM COMMUNITY COLLEGE

**Section 1. Appropriations to the Guam Community College.** The amounts, in the Subsections below, totaling Fourteen Million Six Hundred One Thousand Five Hundred Seventy-four Dollars (**\$14,601,574**) are from the following Funds, and for the following purposes, to the Guam Community College for Fiscal Year 2007:

(a) **General Fund Appropriation for Operations.** The sum of Seven Million Three Hundred Sixteen Thousand Five Hundred Sixty-two Dollars (**\$7,316,562**) is appropriated from the General Fund to the Guam Community College for its operations in Fiscal Year 2007.

(b) **Special Fund Appropriation for Operations.** The sum of Six Million Six Hundred Thirty-nine Thousand Five Hundred Seven Dollars (**\$6,639,507**) is appropriated from the Territorial Education Facilities Fund to the Guam Community College for its operations in Fiscal Year 2007.

(c) **Licensed Practical Nurses and Vocational Guidance Programs.** The sum of Five Hundred Forty-one Thousand Five Hundred Sixty-five Dollars (**\$541,565**) is appropriated from the General Fund to the Guam Community College for the operations of the Licensed Practical Nursing Program and Vocational Guidance Program in Fiscal Year 2007.

1                    (d) **Appropriation to the Guam Community College**  
2                    **Apprenticeship Program.** The sum of One Hundred Three  
3                    Thousand Nine Hundred Forty Dollars (**\$103,940**) is appropriated  
4                    from the Manpower Development Fund to the Guam Community  
5                    College for the Guam Community College Apprenticeship Program  
6                    for Fiscal Year 2007.

7                    **Section 2.** The President of the Guam Community College shall  
8                    submit Quarterly Reports to *I Maga'lahen Guåhan* and the Speaker of *I*  
9                    *Liheslaturan Guåhan* thirty (30) days after the close of each fiscal quarter  
10                    beginning in Fiscal Year 2007 and post said report on the Guam  
11                    Community College's website. Said reports shall include, but *are not limited*  
12                    *to*, the number of participants in each applicable program, the amounts  
13                    expended from appropriations in this Act by object classification,  
14                    description of the program, the academic courses offered, and the  
15                    requirements for participation in the program.

CHAPTER II.

Part IV – Guam Educational Telecommunication Corporation (KGTF).

Section 1. Appropriation to the Guam Educational Telecommunication Corporation (KGTF). The amounts, in the Subsections below, totaling Five Hundred Seventy-six Thousand Sixty-four Dollars (\$576,064) are from the following Funds, and for the following purposes, to the Guam Educational Telecommunication Corporation (KGTF) for Fiscal Year 2007:

(a) **General Fund Appropriation for Operations.** The sum of Five Hundred Fourteen Thousand Four Hundred Seventy-seven Dollars (\$514,477) is appropriated from the General Fund to the Guam Educational Telecommunication Corporation (KGTF) for its operations in Fiscal Year 2007.

(b) **Special Fund Appropriation for Operations.** The sum of Sixty-one Thousand Five Hundred Eighty-seven Dollars (\$61,587) is appropriated from the Territorial Education Facilities Fund to the Guam Educational Telecommunication Corporation (KGTF) for its operations in Fiscal Year 2007.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17

CHAPTER II.

Part V – GUAM PUBLIC LIBRARY SYSTEM

**Section I. Appropriation to the Guam Public Library System.** The amounts, in the Subsections below, totaling One Million Nine Hundred Four Thousand Five Hundred Thirty-seven Dollars (**\$1,904,537**) are from the following Funds, and for the following purposes, to the Guam Public Library System for Fiscal Year 2007:

**(a) General Fund Appropriation for Operations.** The sum of One Million One Hundred Eighty-four Thousand Three Hundred Sixty-five Dollars (**\$1,184,365**) is appropriated from the General Fund to the Guam Public Library System for its operations in Fiscal Year 2007.

**(b) Special Fund Appropriation for Operations.** The sum of Seven Hundred Twenty Thousand One Hundred Seventy-two Dollars (**\$720,172**) is appropriated from the Territorial Education Facilities Fund to the Guam Public Library System for its operations in Fiscal Year 2007.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

CHAPTER II.

Part VI – MISCELLANEOUS EDUCATIONAL PROVISIONS.

**Section 1. Purchasing In Economies of Scale.** All agencies receiving appropriations pursuant to this Act shall take all necessary measures to realize cost savings by purchasing supplies and materials in such a manner as to realize economies of scale.

**Section 2. Reporting Requirements.** *No later than thirty (30) days after the close of each fiscal quarter of Fiscal Year 2007, the Superintendent of Education of the Guam Public School System, the President of the University of Guam, the President of the Guam Community College, the General Manager of Guam Educational Telecommunication Corp., and the Director of the Guam Public Library System, regardless of the source of the entity's appropriations and revenue, shall submit to the Speaker of I Liheslaturan Guåhan and post on the entity's website, in electronic format (including, but not limited to, diskettes, CDs and email), a report making full disclosure of ALL funds under his purview and administration for the preceding quarter. Said report shall be in the form of Financial Statements or revenue and expenditure reports for every fund he administers, or in a format as may be required by I Liheslaturan Guåhan, whether said fund is appropriated, non-appropriated, local or federal, regardless of the source of the funding. This and every reporting requirement imposed by this Act or any appropriation pertaining to FY 2007 shall be subject to the following:*

- (a) If the head of an agency receiving funds pursuant to this Act, does not submit said report to the Speaker of *I Liheslaturan*

1            *Guahan* and post the same on the website by its due date, *I*  
2            *Maga'lahi* shall, *no later than* fifteen (15) days after said due date,  
3            notify the agency head of his or her non-compliance and the  
4            imminent deappropriation of funds.

5            (b)    If the head of an agency receiving funds pursuant to this  
6            Act fails to submit and post said report by its due date, the  
7            Chairperson of the appropriate board, shall notify the agency  
8            head of his or her non-compliance and the imminent  
9            deappropriation or remittance of funds.

10          (c)    The failure of any official or board, to give the notice  
11          required by the previous two (2) subsections shall *not* affect the  
12          deappropriation or remittance of funds mandated by the next  
13          Section.

14          **Section 3. Deappropriation of Funds.** If the director, administrator  
15          or head of a government agency included in this Act, regardless of the  
16          source of the agency's appropriations and revenue, fails to comply with  
17          any reporting requirement mandated by this Act, the funds appropriated  
18          to the entity he or she administers shall, on the forty-fifth (45th) day after  
19          the report's due date, be automatically deappropriated in the amount of  
20          five percent (5%) of the agency's total appropriation for FY 2007 for EACH  
21          of the following requirements *not* met:

- 22                  (a)    providing a written report;
- 23                  (b)    providing an electronic format of the report; and
- 24                  (c)    posting the report on the website.

1           This Section shall *not* apply when *I Maga'lahi* has declared a state of  
2 emergency or declared the island to be in a Condition of Readiness One.  
3 The deadline for submittal of reports shall be extended by the same  
4 number of days for which the emergency is declared or the number of days  
5 in which the island is in Condition of Readiness One. The Public Auditor  
6 shall examine the appropriate records, certify any deappropriation and  
7 remittance of funds and report thereon to *I Maga'lahi* and the Speaker of *I*  
8 *Liheslaturan Guåhan*. The Director of the Bureau of Budget and  
9 Management Research shall promptly reduce the appropriation or  
10 allotment to the non-compliant agency in accordance herewith, effectuate  
11 the deappropriation and submit a written report thereon to *I Maga'lahi* and  
12 the Speaker of *I Liheslaturan Guåhan*.

13           **Section 4. Repair of Musical Instruments.** From the funds  
14 appropriated for GPSS operations by this Act, the sum of Eight Thousand  
15 Five Hundred Dollars (\$8,500) shall be used for the repair of musical  
16 instruments for band and music classes and programs.

17           **Section 5. Re-Codification of Scholarships.** The Compiler of Laws  
18 shall transfer and re-codify the statutes creating scholarship programs  
19 contained in Chapters 19, 22 and 25 of Title 17 GCA to Chapter 15 of Title  
20 17 GCA, "Student Financial Assistance Programs".

21           **Section 6. Interest Computation on Financial Assistance for**  
22 **Awards after September 30, 2006.** A new §15112 is hereby *added* to Title 17  
23 GCA, Chapter 15, Article 1 to read as follows:

1           **“§15112. Interest Computation On Financial Assistance**  
2           **Awarded After September 30, 2006 For Cash (Non-Service Credit)**  
3           **Repayments.** Interest on all awards of assistance made after  
4           September 30, 2006 pursuant to this Article shall be computed on the  
5           outstanding balance on a simple interest basis beginning on the date  
6           of disbursement at an annual percentage rate of ten percent (10%).  
7           Repayment shall be made in either a lump sum by which the  
8           principal and accrued interest up to the date of repayment is satisfied  
9           or through a periodic payment plan under the following conditions:

10           (a) the awardee can amortize the combined balance of  
11           principal and accrued interest balances over a specified  
12           term at an annual percentage rate of ten percent (10%);

13           (b) the period for repayment shall *not* exceed ten (10) years;  
14           and

15           (c) all awardees choosing to repay assistance in cash in lieu of  
16           service credit must pay all accrued interest before any  
17           payments are applied to the principal of the debt.

18           Repayment of awards made *prior* to September 30, 2006 shall be  
19           made pursuant to the other provisions of this Chapter.”

20           **Section 7. UOG Clearance Required for Doc Sanchez**  
21           **Scholarship Recipients upon Separation from Government Service.** A  
22           new §15912 is hereby *added* to Title 17 GCA, Chapter 15, Article 9 to read as  
23           follows:



1           “§15912. University Of Guam Clearance Required Upon  
2 Separation. The heads of all government of Guam agencies and  
3 instrumentalities shall require that all employees of their respective  
4 agencies who have received scholarship assistance pursuant to this  
5 Article obtain a clearance from the University of Guam *prior* to the  
6 employee’s separation from employment in the government of  
7 Guam. UOG shall grant the clearance if the recipient has:

8           (a) repaid the assistance provided through service credit; or

9           (b) repaid the assistance provided; or

10           (c) arranged to repay the assistance through a periodic  
11           payment plan that complies with Title 17 GCA, §15112.

12           The head of the agency or instrumentality shall *not* authorize  
13 the payment of any accrued and payable leave *or* release of  
14 retirement fund contributions to the employee until he obtains the  
15 clearance.”

16           **Section 8. Over-expenditure Reporting.** The Superintendent of  
17 Education shall, within sixty (60) days after the enactment hereof, submit a  
18 report to *I Liheslaturan Guåhan, I Maga’lahen Guåhan* and the Public Auditor  
19 explaining in detail the Guam Public School System’s \$16.1M over-  
20 expenditure of funds reflected in the FY 2005 Audited Financial Statements  
21 of the Government of Guam.

22           **Section 9. Local Funds Reimbursement.** Funds appropriated to the  
23 Guam Public School System by *I Liheslaturan Guåhan* shall *not* be used to  
24 pay for federally-funded program activities and expenditures *unless*

1 payment is specifically authorized by local statute or unless payment is for  
2 expenditures for grants that require local expenditures prior to federal  
3 reimbursement. The Superintendent of Education shall report to *I*  
4 *Liheslaturan Guåhan, I Maga'lahren Guåhan* and the Public Auditor any local  
5 funds expended in Fiscal Years 2005 and 2006 for federally-funded  
6 program activities and expenditures, the details of such expenditures by  
7 object class, the number of FTEs involved if applicable, the amounts  
8 reimbursed by federal funds and amounts that have not or will not be  
9 reimbursed by federal funds. Said report shall cite the authority to use  
10 local funds for federal program expenditures and name the certifying  
11 officer for and give the date of every expenditure.

12 **Section 10. Audits and Assessments.** A new Item (q) is *added* to  
13 Title 17 Guam Code Annotated, Chapter 3, §3103 to read:

14 “(q) Conduct a periodic assessment of the Guam Public School  
15 System to ascertain whether the System is providing an adequate  
16 education as that term is defined in 1 GCA, §715, Item 12, and to assess and  
17 evaluate the System’s organizational structure and staffing, financial  
18 management, curriculum and instruction.”

19 **Section 11. Appropriation.** The sum of One Hundred Thousand  
20 Dollars (**\$100,000**) is appropriated from the sums appropriated in Chapter  
21 II, Part I, Section 2 of this Act to the Guam Public School System for the  
22 purpose of contracting, pursuant to Title 17 GCA, Chapter 3, §3103, with an  
23 independent educational auditing organization to audit the Guam Public  
24 School System’s capability to provide an adequate education as that term is

1 defined by Title 1 GCA, §715, Item 12, and to identify recommendations to  
2 remedy deficiencies. The audit report shall be transmitted by the  
3 Superintendent of Education to the Speaker of *I Liheslaturan Guåhan*, posted  
4 on the Guam Public School System's website, and published within one  
5 hundred eighty (180) days of execution of the contract. This appropriation  
6 shall expire one hundred twenty (120) days after the enactment hereof.

7       **Section 12. Appropriation.** The sum of One Hundred Seventy-five  
8 Thousand Dollars (**\$175,000**) is appropriated from the sums appropriated  
9 in Chapter II, Part I, Section 2 of this Act to the Guam Public School System  
10 for the purpose of contracting, pursuant to Title 17 GCA, Chapter 3, §3103,  
11 with an independent educational auditing organization to conduct an  
12 objective audit and assessment of the Guam Public School System, and to  
13 identify recommendations to remedy deficiencies in the areas of  
14 organizational structure; compliance with federal and local laws;  
15 compliance with board policies; physical and operational security;  
16 workflow designs and management; internal controls; staffing levels and  
17 competencies; management levels and competencies; management  
18 practices; training standards and practices; compliance and creation of  
19 policies and procedures; adequacy of facilities; physical plant management  
20 effectiveness and efficiency; technical and administrative infrastructure;  
21 redundancy of systems and procedures; productivity and quality  
22 standards; recruitment, certification training of teachers, and recruitment,  
23 training and staff development. Said audit report shall be transmitted by  
24 the Superintendent of Education to the Speaker of *I Lisheslaturan Guåhan*,

1 posted on the Guam Public School System's website, and published within  
2 one hundred eighty (180) days of execution of the contract. This  
3 appropriation shall expire one hundred twenty (120) days after the  
4 enactment hereof.

5 **Section 13. Guam Public School System Administrative**  
6 **Reorganization.** Based on the recommendations to remedy deficiencies  
7 contained in the report required by the previous Section, the  
8 Superintendent of Education may submit an administrative reorganization  
9 of the GPSS central operations to *I Liheslaturan Guåhan* for its consideration  
10 for approval.

11 **Section 14. Submission of Internal Audit Report.** The completed  
12 GPSS Internal Audit report shall be submitted by the Superintendent to *I*  
13 *Liheslaturan Guåhan* and the Guam Public Auditor.

14 **Section 15. Continuing Appropriation.** The appropriations made to  
15 the University of Guam, the Guam Community College, the Guam Public  
16 Library System, the Guam Educational Telecommunication Corporation  
17 (KGTF), the Student Financial Assistance Program, and the Dr. Antonio C.  
18 Yamashita Educator Corps by Public Law 28-68 shall continue until all  
19 sums appropriated therein are expended.

1 CHAPTER II.

2 Part VII – AUTHORIZATION TO ISSUE BONDS FOR REFINANCING  
3 1993 SERIES A BONDS AND CAPITAL EXPENSES  
4 OF SCHOOL FACILITIES.

5 Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan*

6 hereby finds that it is necessary and desirable for the prudent management  
7 of the fiscal affairs of the Government of Guam to refinance the  
8 Government of Guam General Obligation Bonds, 1993 Series A, and that  
9 vital and immediate capital expense items and capital improvement  
10 projects of the Guam Public School System are needed to comply with the  
11 “Every Child Is Entitled To An Adequate Public Education Act” and the  
12 capital improvements of the University of Guam, are also needed. *I*  
13 *Liheslaturan Guåhan* further finds that refinancing the Government of Guam  
14 General Obligation Bonds, 1993 Series A, would create cash flow of  
15 approximately Eight Million Three Hundred Thousand Dollars (\$8,300,000)  
16 in Fiscal Year 2007, provide Thirty Five Million Dollars (\$35,000,000) in  
17 new money, and provide approximately Two Hundred Fifty Thousand  
18 Dollars (\$250,000) in annual debt service savings until 2018. This financing  
19 will provide approximately Forty Three Million Three Hundred Thousand  
20 Dollars (\$43,300,000) for the capital needs of Guam’s Public Educational  
21 Facilities in Fiscal Year 2007.

22 *I Liheslaturan Guåhan* also finds that it would be fiscally responsible to  
23 accelerate the repayment of the refinanced Government of Guam bonds by  
24 committing fifty percent (50%) of any amount in excess of One Hundred

1 Million Dollars (\$100,000,000) received in revenue pursuant to Section 30 of  
2 the Organic Act to redeem the bonds.

3 *I Liheslaturan Guåhan*, therefore, hereby authorizes the issuance of  
4 general obligation bonds as provided herein, provides for said bonds to be  
5 used to refinance all or a portion of said 1993 Series A Bonds and provide  
6 that said bonds shall finance capital expense items and capital  
7 improvement projects of the Guam Public School System and the  
8 University of Guam.

9 **Section 2.** A new §22435 is hereby *added* to Chapter 22 of Title 5  
10 Guam Code Annotated to read as follows:

11 **“§22435. Authorization to Issue Bonds for Refinancing 1993**  
12 **Series A Bonds, Capital Expense Items and Capital Improvement**  
13 **Projects of School Facilities.**

14 **(a) Authorization of Issuance of Bonds.** *I Maga’lahen*  
15 *Guåhan* is authorized to issue one or more series of bonds of the  
16 government of Guam as provided in this Section, in an aggregate  
17 principal amount necessary to provide proceeds sufficient to fund an  
18 escrow for the refinancing of the General Fund obligations listed in  
19 subsection (k)(i) and in an aggregate principal amount not to exceed  
20 the amount necessary to provide Thirty Five Million Dollars  
21 (\$35,000,000) for the payment of the General Fund expenses listed in  
22 subsection (k)(ii), and in each case to fund necessary reserves and to  
23 pay expenses incurred in connection with the issuance of such bonds  
24 *not* already included in an existing appropriation for or in the regular

1 budget of any government agency or instrumentality or public  
2 corporation providing any service in connection with the issuance of  
3 such bonds; provided, however, that said bonds shall *not* be issued in  
4 an amount that would cause a violation of the debt limitation  
5 provisions of 48 USC 1423a (§11 of the Organic Act of Guam).

6 **(b) Terms and Conditions Determined by Certificate or**  
7 **Indenture.** The terms and conditions of the bonds shall be as  
8 determined by *I Maga'lahaen Guåhan* by the execution of a certificate or  
9 indenture authorizing the issuance of the bonds upon or prior to the  
10 issuance of the bonds; provided, however, that such terms and  
11 conditions shall be consistent with this Section, and that the bonds  
12 shall mature *not later than* the year 2028, and shall bear interest at  
13 such rates and be sold for such price or prices as shall result in a yield  
14 to the bondholders *not exceeding* six and ninety five hundredths  
15 percent (6.95%) per annum.

16 **(c) Valid and Binding General Obligations.** The bonds  
17 authorized by this Section shall constitute the valid and binding  
18 general obligations of the government of Guam. The government of  
19 Guam pledges its full faith and credit for the punctual payment of  
20 both principal of and interest on the bonds. There shall be collected  
21 annually in the same manner and at the same time as government  
22 revenue for other purposes is collected, such sum as is required to  
23 pay the principal of and interest on the bonds. All officers charged  
24 by law with any duty in the collection of revenues of the government

1 from which debt service on the bonds will be payable shall do every  
2 lawful thing necessary to collect such sum. The validity of any such  
3 bonds shall *not* be affected by the validity or regularity of any  
4 proceedings for the payment of the General Fund expenses paid or to  
5 be paid with the proceeds of the bonds.

6 **(d) Appropriations from the General Fund.** There is hereby  
7 appropriated from the General Fund such sums as will equal in each  
8 year the amount of money necessary to pay the principal and interest  
9 on such bonds.

10 **(e) Additional Bonds.** Nothing in this Section shall be  
11 construed to prevent the government of Guam from issuing, after  
12 appropriate enabling legislation, other obligations of the government  
13 secured by the general obligation of the government on a parity with  
14 or subordinate to the bonds authorized by this Section on such terms  
15 as may be provided by the indenture or certificate pursuant to which  
16 the bonds are issued. Nothing in this Section shall be construed to  
17 prevent the government of Guam from issuing, after appropriate  
18 enabling legislation, other obligations of the government secured by  
19 Real Property Tax Revenues on a parity with or subordinate to the  
20 bonds authorized by this Section on such terms as may be provided  
21 by the indenture or certificate pursuant to which the bonds are  
22 issued.

23 **(f) Waiver of Immunity; Submission to Jurisdiction.**  
24 Notwithstanding any substantive or procedural provision of Chapter



1 6 of Title 5 Guam Code Annotated, the government of Guam waives  
2 immunity from any suit or action in contract on the bonds, but does  
3 *not* waive immunity as to the personal liability of elected officials and  
4 employees of the government of Guam. The government hereby  
5 submits to jurisdiction of the Federal District Court for the District of  
6 Guam for purposes of any such suit or action in contract on the  
7 bonds.

8 (g) **No Personal Liability.** *No* employee or elected official of  
9 the government of Guam shall be individually or personally liable for  
10 the payment of any amounts due on any bonds issued under this  
11 Section, or for any other liability arising in connection with the  
12 bonds; provided, however, that nothing in this Section shall relieve  
13 any employee or elected official from the performance of any  
14 ministerial duty required by law.

15 (h) **Form of Bonds; Covenants; Appointment of Fiduciaries.**  
16 The technical form and language of the bonds, including provisions  
17 for execution, exchange, transfer, registration, paying agency, lost or  
18 mutilated bonds, negotiability, cancellation and other terms or  
19 conditions *not* inconsistent with this Section, including covenants  
20 relating to the collection of revenues, shall be as specified in the  
21 certificate or indenture executed by *I Maga'lahañ Guåhan* authorizing  
22 the issuance of the bonds. The certificate or indenture shall appoint  
23 one or more trustees, co-trustees or other fiduciaries authorized to  
24 receive and hold in trust the proceeds of the bonds, the revenues and

1 other moneys relating thereto, to protect the rights of bondholders  
2 and to perform such other duties as may be specified in the  
3 indenture. *I Maga'lahaen Guåhan* is also authorized to execute, on  
4 behalf of the government of Guam, any appropriate agreements,  
5 certificates or other instruments relating to the bonds and the sale of  
6 bonds.

7 **(i) Authorization for Credit Enhancement.** *I Maga'lahaen*  
8 *Guåhan* is authorized to enter into such contracts or agreements with  
9 such banks, insurance companies or other financial institutions as he  
10 determines are necessary or desirable to improve the security and  
11 marketability of the bonds issued under this Section. Such contracts  
12 or agreements may contain an obligation to reimburse, with interest,  
13 any such bank, insurance company or other financial institution for  
14 advances it makes to pay the principal of or interest on the bonds and  
15 to indemnify any such bank, insurance company or other financial  
16 institution for costs and expenses incurred in connection with any  
17 such advance. Any such reimbursement obligation and any other  
18 obligations of the government under such contracts or agreements  
19 shall be general obligations of the government of Guam and any such  
20 advance, if necessary, shall be treated for Organic Act purposes as  
21 creating an obligation issued to refund the bonds.

22 **(j) Use of Proceeds from the Sale of the Bonds.** The  
23 proceeds from the sale of the bonds shall be used and are hereby  
24 appropriated to (1) refinance the General Fund obligations and fund

1 the capital projects described in Subsection (k) of this Section;  
2 (2) establish necessary reserves; (3) pay expenses relating to the  
3 authorization, sale and issuance of the bonds, including, without  
4 limitation, printing costs, costs of reproducing documents, credit  
5 enhancement fees, underwriting, legal, financial advisory and  
6 accounting fees and charges, fees paid to banks or other financial  
7 institutions providing credit enhancement, costs of credit ratings and  
8 other costs, charges and fees in connection with the issuance, sale and  
9 delivery of the bonds; and (4) fund capitalized interest on the bonds  
10 issued for the purposes described in Subsection (k)(i) of this Section  
11 for a period ending *not later than* thirty (30) months from the receipt  
12 of proceeds.

13           **(k) Use of Proceeds of Bonds.** The expenditures authorized  
14 to be financed with the proceeds of the bonds are as follows:

15           (1) to fund an escrow to pay debt service on all or a  
16 portion of the Government of Guam General Obligation Bonds,  
17 1993 Series A, at a maturity *not later than* the year 2028,  
18 provided that the annual debt service for any of said 1993 Series  
19 A bonds to remain outstanding, together with the annual debt  
20 service on the bonds authorized pursuant to this Section, for a  
21 given year shall *not* exceed the aggregate annual debt service  
22 for said bonds for the previous year or the next succeeding year  
23 by more than one percent (1.0%).

1                   (2) **Thirty Three Million Dollars (\$33,000,000)** to fund  
2 the capital expense items and capital improvement projects of  
3 the Guam Public School System listed in **Attachment B**.

4                   (3) **Two Million Dollars (\$2,000,000)** to fund the  
5 capital expense items and capital improvement projects of the  
6 University of Guam listed in **Attachment C**.

7                   **(l) Permitted Investments.** The proceeds of the bonds, and  
8 any revenues relating to such bonds, shall be invested *only* in the  
9 types of investments permitted by the certificate or indenture  
10 pursuant to which such bonds are issued.

11                   **(m) Approval by the Guam Economic Development and**  
12 **Commerce Authority.** Title 12 Guam Code Annotated §50103(k)  
13 provides that agencies and instrumentalities of the Government of  
14 Guam shall issue bonds and other obligations *only* by means of and  
15 through the agency of the Guam Economic Development and  
16 Commerce Authority (GEDCA). *No* bonds authorized by this Section  
17 shall be sold until the board of directors of GEDCA has adopted a  
18 resolution approving the sale.

19                   **(n) Approval of Voters Not Required.** Notwithstanding  
20 Title 3 Guam Code Annotated §§17311 and 17312, the issuance of the  
21 bonds authorized by this Section shall *not* be subject to the approval  
22 of, or placed before, the voters of Guam.”

23                   **Section 3. Territorial Education Facilities Fund Amendment.**

24 Subsection (l) of Section 22425, Chapter 22 of Title 5 Guam Code

1 Annotated, is hereby *amended* to read as follows:

2           **“(l) Territorial Educational Facilities Fund.** There is  
3 continued in existence, separate and apart from other funds of the  
4 government of Guam, a fund known as the “Territorial Education  
5 Facilities Fund” (the “TEF Fund”). ~~In~~ The TEF Fund shall *not* be  
6 commingled with the General Fund or any other fund of the  
7 government of Guam. The TEF Fund shall be held in an account or  
8 accounts at a Guam financial institution or institutions separate and  
9 apart from all other accounts and funds of the government of Guam.  
10 All real property tax revenues received by or on behalf of the  
11 government of Guam pursuant to §24103, Title 11, Guam Code  
12 Annotated, shall be deposited in the TEF Fund and shall be  
13 accounted for and used periodically *only* for the following purposes  
14 and in the following order:

15           (1) On the dates on which monies are remitted from the  
16 General Fund to any trustee, co-trustee or paying agent for the  
17 bonds issued pursuant to this Section or pursuant to §22435,  
18 Chapter 22 of Title 5 Guam Code Annotated, for the purpose of  
19 either (A) paying the principal of and interest on the bonds  
20 designated as having been issued for the capital projects  
21 enumerated in items (1), (2), (3), (4), (6) and (7) of Subsection  
22 (m) of this Section and for the payment of General Fund  
23 expenses, or paying the principal of and interest on the bonds  
24 issued pursuant to §22435, Chapter 22 of Title 5 Guam Code

1           Annotated, or (B) accumulating the amounts necessary to pay  
2           the principal of or interest on such bonds, there shall be  
3           transferred from the TEF Fund to the General Fund amounts  
4           equal to, but *not* in excess of, the amounts remitted from the  
5           General Fund for such purposes, and in the event that the  
6           amount so transferred on any such date is insufficient to fully  
7           reimburse the amount so remitted, the amount of the  
8           insufficiency shall be transferred as soon thereafter as it  
9           becomes available in the TEF Fund, together with interest from  
10          such remittance date to such date of transfer at a rate equal to  
11          the yield on the bonds.

12           (2) On the dates on which monies are transferred to the  
13          General Fund pursuant to paragraph (1) of this Subsection (1)  
14          of this Section, if such transfer is sufficient to fully reimburse  
15          the General Fund, (with interest, if required), the balance  
16          remaining in the TEF Fund shall remain in the TEF Fund and  
17          shall *only* be appropriated by *I Liheslatura* for the purpose of  
18          constructing, refurbishing, replacing and funding educational  
19          facilities and to fund the operations of the Guam Community  
20          College.

21           (3) The repayment obligation of the University of  
22          Guam as described in §22425 of Chapter 22 of Title 5 Guam  
23          Code Annotated, which establishes the University of Guam  
24          Bond Fund, shall continue.

1           Such tax collections shall *not* be pledged to the payment of  
2 amounts due on ~~the~~ such bonds, and this Subsection (l) may be  
3 amended at any time by subsequent act of *I Liheslatura*. Nothing in  
4 this Section or §22435 of Chapter 22 of Title 5 Guam Code Annotated  
5 shall be construed to prevent the government of Guam from issuing,  
6 after appropriate enabling legislation, for the benefit of the  
7 government of Guam other general obligations or revenue  
8 obligations of the government secured by such real ~~estate~~ property  
9 tax revenues on a parity with the bonds authorized by this Section or  
10 §22435 of Chapter 22 of Title 5 Guam Code Annotated.”

11       **Section 4. Local Sales of Bonds.** *I Maga’lahen Guåhan* shall  
12 undertake his best efforts to cause a portion of any bonds issued pursuant  
13 to Section 2 of Chapter IV of this Act (§22435, Title 5 Guam Code  
14 Annotated), to be offered for sale to residents of Guam, if and to the extent  
15 that such offer and any sales resulting from such offer do *not* increase the  
16 costs to the government of Guam of issuing and repaying such bonds.

17       **Section 5. Approval of Bonds.** *I Liheslaturan Guåhan*, pursuant to  
18 §50103(k), Title 12 Guam Code Annotated, hereby approves the issuance  
19 and sale by the government of Guam of bonds for the purposes and in the  
20 principal amounts *not* to exceed the purpose and limits set forth in Section  
21 2 of Chapter IV of this Act; *provided* that the conditions to the issuance of  
22 such bonds shall have been met, that such bonds have a final maturity date  
23 *not later than* thirty (30) years after their date of issuance, that the bonds  
24 bear interest at such rate and are sold for such price or prices as shall result

1 in a yield to the bondholders *not* exceeding seven and one-half percent  
2 (7.5%) per annum, and that the bonds are issued and sold in the manner,  
3 for the purposes and subject to the requirements and limitations provided  
4 in §22435, Title 5 Guam Code Annotated. This approval supersedes the  
5 approval contained in Public Law 27-19 and the terms and conditions of  
6 Public Law 27-19 shall *not* apply.

7       **Section 6. Approval of Indenture.** The certificate pursuant to  
8 which the bonds approved by Section 5 of Chapter IV of this Act shall be  
9 issued in substantially the form appended to this Act as **Attachment A**. In  
10 accordance with Title 5 Guam Code Annotated §22435, the terms and  
11 conditions of such bonds shall be as determined by *I Maga'lahen Guåhan*,  
12 and approved by *I Liheslaturan Guåhan*, by execution of the certificate,  
13 subject to the requirements of said §22435 and Section 4 of Chapter IV of  
14 this Act.

15       **Section 7. Early Redemption of Bonds.** The Indenture described  
16 in Section 6 of Chapter IV of this Act shall contain a provision authorizing  
17 the Early Redemption of the Bonds described in Section 2 of Chapter IV of  
18 this Act. Fifty percent (50%) of any amount in excess of One Hundred  
19 Million Dollars (\$100,000,000) payable to the Government of Guam by the  
20 Government of the United States pursuant to Section 30 of the Organic Act,  
21 Title 48 U.S. Code §11421h, shall be used for the Early Redemption of the  
22 Bonds described in this Act.

23       **Section 8. Bond Proceeds Not Subject to Transfer Authority.** The  
24 proceeds of the bonds approved by §5 of Chapter IV of this Act shall *not* be



1 subject to any transfer authority of *I Maga'lahaen Guåhan*.

2       **Section 9. Financial Advisory Services Fee.** An amount equal to  
3 fifty percent (50%) of the Financial Advisory Services Fee received by the  
4 Guam Economic Development and Commerce Authority from the  
5 refinancing of the Government of Guam General Obligation Bonds, 1993  
6 Series A, shall be reserved for appropriation by *I Liheslaturan Guåhan* for  
7 community and economic impact assessment required for the relocation of  
8 U.S. Armed Services personnel to Guam.

9       **Section 10. School Capital Facilities Reserve Funds.** All lapses  
10 resulting from savings made from the procurement of items as authorized  
11 in Attachment B of Chapter II, Part VII of this Act shall revert to a School  
12 Capital Facilities Reserve Fund. Any fees or charges required as a  
13 consequence of the issuance of revenue bonds as authorized in Section 2 of  
14 Chapter II, Part VII of this Act shall be paid from the proceeds of such  
15 bonds. The Superintendent of Education is authorized to expend these  
16 funds for capital expenses and capital improvement projects for the Guam  
17 Public School System after giving ten (10) days written notice to the  
18 Speaker of *I Liheslatura*. The Superintendent of Education shall provide a  
19 breakdown of such expenditures to the Public Auditor within ten (10) days  
20 of expending such funds. The Superintendent of Education shall publish  
21 such reports on the Guam Public School System's website.

GOVERNMENT OF GUAM

CERTIFICATE

Dated as of \_\_\_\_\_ 1, 2006

\$(PAR AMOUNT)

GOVERNMENT OF GUAM

GENERAL OBLIGATION BONDS

2006 SERIES A

TABLE OF CONTENTS

	<b>Page</b>
ARTICLE I DEFINITIONS; CERTIFICATES .....	2
Section 1.01. Definitions .....	2
ARTICLE II THE BONDS .....	13
Section 2.01. Authorization of Bonds .....	13
Section 2.02. Terms of Bonds .....	13
Section 2.03. Execution of Bonds .....	15
Section 2.04. Transfer of Bonds .....	15
Section 2.05. Exchange of Bonds.....	15
Section 2.06. Bond Register .....	16
Section 2.07. Ownership of Bonds .....	16
Section 2.08. Temporary Bonds .....	16
Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen .....	16
Section 2.10. Book-entry System .....	17
ARTICLE III ISSUE OF BONDS; APPLICATION OF PROCEEDS .....	18
Section 3.01. Issuance, Sale and Delivery of Bonds .....	18
Section 3.02. Application of Proceeds of Bonds and Other Amounts.....	18
Section 3.03. Establishment and Application of Construction Fund and Costs of Issuance Fund .....	19
Section 3.04. Validity of Bonds.....	22
ARTICLE IV REDEMPTION OF BONDS .....	22
Section 4.01. Terms of Redemption .....	22
Section 4.02. Selection of Bonds for Redemption.....	22
Section 4.03. Notice of Redemption.....	23
Section 4.04. Partial Redemption .....	24
Section 4.05. Effect of Redemption.....	24
ARTICLE V FUNDS.....	24
Section 5.01. Establishment of Funds .....	24
Section 5.02. Allocation of Monies .....	25
Section 5.03. Application of Bond Fund .....	26
Section 5.04. Rebate Fund.....	27
Section 5.05. Deficiencies in Bond Fund; General Obligation.....	29
Section 5.06. Investment of Moneys in Funds .....	29
ARTICLE VI PARTICULAR COVENANTS.....	31
Section 6.01. Punctual Payment .....	31

**TABLE OF CONTENTS**  
**(continued)**

		<b>Page</b>
Section 6.02.	Extension of Payment of Principal and Interest on the Bonds.....	31
Section 6.03.	Against Encumbrances .....	31
Section 6.04.	Power to Issue Bonds .....	31
Section 6.05.	Payment of Taxes and Claims .....	32
Section 6.06.	Accounting Records and Financial Statements .....	32
Section 6.07.	Maintenance of Powers .....	32
Section 6.08.	Tax Covenants .....	33
Section 6.09.	Compliance with Certificate, Contracts, Laws and Regulations .....	33
Section 6.10.	Nature of Bonds.....	34
Section 6.11.	Waiver of Laws .....	34
Section 6.12.	Further Assurances .....	34
<b>ARTICLE VII EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS.....</b>		<b>35</b>
Section 7.01.	Events of Default.....	35
Section 7.02.	Acceleration of Maturities .....	35
Section 7.03.	Application of Funds After Default.....	36
Section 7.04.	Trustee to Represent Bondholders.....	37
Section 7.05.	Bondholders' Direction of Proceedings.....	37
Section 7.06.	Limitation on Bondholders' Right to Sue.....	37
Section 7.07.	Obligation of Government.....	38
Section 7.08.	Termination of Proceedings.....	38
Section 7.09.	Remedies Not Exclusive.....	38
Section 7.10.	No Waiver of Default .....	38
<b>ARTICLE VIII THE FIDUCIARIES .....</b>		<b>38</b>
Section 8.01.	Appointment of Trustee and Depositary; Duties, Immunities and Liabilities of Trustee and Depositary .....	38
Section 8.02.	Compensation .....	41
Section 8.03.	Liability of Trustee and Depositary .....	41
Section 8.04.	Right of Trustee and Depositary to Rely on Documents .....	41
Section 8.05.	Preservation and Inspection of Documents .....	42
Section 8.06.	Paying Agents.....	42
<b>ARTICLE IX MODIFICATION OR AMENDMENT OF THE CERTIFICATE.....</b>		<b>42</b>
Section 9.01.	Amendments Permitted .....	42
Section 9.02.	Effect of Supplemental Certificate .....	43
Section 9.03.	Endorsement of Bonds; Preparation of New Bonds .....	44

**TABLE OF CONTENTS**  
**(continued)**

		<b>Page</b>
	Section 9.04. Amendment of Particular Bonds .....	44
ARTICLE X	DEFEASANCE.....	44
	Section 10.01. Discharge of Certificate.....	44
	Section 10.02. Discharge of Liability on Bonds.....	45
	Section 10.03. Deposit of Money or Securities with Trustee .....	45
	Section 10.04. Payment of Bonds after Discharge of Certificate .....	45
ARTICLE XI	MISCELLANEOUS .....	46
	Section 11.01. Liability of Government .....	46
	Section 11.02. Successor Is Deemed Included in All References to Predecessor .....	46
	Section 11.03. Limitation of Rights to Parties and Bondholders.....	46
	Section 11.04. Waiver of Notice .....	46
	Section 11.05. Destruction of Bonds.....	46
	Section 11.06. Severability of Invalid Provisions .....	46
	Section 11.07. Notice to Government, Trustee and Depository .....	47
	Section 11.08. Evidence of Rights of Bondholders.....	47
	Section 11.09. Disqualified Bonds .....	48
	Section 11.10. Money Held for Particular Bonds.....	48
	Section 11.11. Funds and Accounts.....	48
	Section 11.12. Article and Section Headings and References.....	48
	Section 11.13. Waiver of Personal Liability.....	48
	Section 11.14. Saturdays, Sundays and Legal Holidays.....	48
	Section 11.15. Execution in Several Counterparts .....	49
	Section 11.16. Governing Law .....	49
ARTICLE XII	INSURANCE PROVISIONS .....	49
	Section 12.01. [to be inserted as appropriate].....	49
EXHIBIT A	Form of Bond	A-1

An extra section break has been inserted above this paragraph. Do not delete this section break if you plan to add text after the Table of Contents/Authorities. Deleting this break will cause Table of Contents/Authorities headers and footers to appear on any pages following the Table of Contents/Authorities.

*Attachment A*

OH&S Draft  
7/17/2006

CERTIFICATE OF THE GOVERNOR OF GUAM  
DETERMINING, SPECIFYING AND AUTHORIZING  
CERTAIN MATTERS IN CONNECTION WITH  
THE ISSUANCE OF CERTAIN  
GOVERNMENT OF GUAM  
GENERAL OBLIGATION BONDS,  
2006 SERIES A

WHEREAS, pursuant to Section 22435 of Title 5 of the Guam Code Annotated (the "Act"), the Legislature of Guam has authorized the Governor of Guam (the "Governor") to issue one or more series of general obligation bonds for the purposes of refunding the Government of Guam General Obligation Bonds, 1993 Series A, and implementing certain Capital Projects, as that term is defined herein;

WHEREAS, the Legislature of Guam has, by P.L. No. \_\_\_\_\_ of the Twenty-Eighth Guam Legislature, 2006 (SECOND) Regular Session, approved the terms and conditions of the issuance of not to exceed \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) principal amount of Government of Guam General Obligation Bonds, 2006 Series A, the proceeds of which are to be used for such purposes;

WHEREAS, the Guam Economic Development Authority has approved the issuance and sale of said bonds as provided by the Act and by 12 Guam Code Annotated § 50103(k); and

WHEREAS, the Act authorizes the Governor to execute this certificate (this "Certificate") to determine certain matters with respect to the issuance of such bonds;

NOW, THEREFORE, I, Felix Perez Camacho, Governor of Guam, hereby certify as follows:

ARTICLE I

DEFINITIONS; CERTIFICATES

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Certificate, and of any certificate supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

Account

"Account" means each account established and given a designation pursuant to this Certificate or any Supplemental Certificate.

Accreted Value

"Accreted Value" means, with respect to any particular Bonds as of any given date of calculation, an amount equal to the sum of the principal amount of such Bonds plus accrued and unpaid

interest on such Bonds as of such date, but not including interest payable on a current basis at least annually.

Act

“Act” means Section 22435 of Title 5, Guam Code Annotated.

Annual Debt Service

“Annual Debt Service” means, for any Bond Year, the sum of (1) the interest falling due on then Outstanding Bonds (assuming that all then Outstanding Serial Bonds are retired on their respective maturity dates and that all then Outstanding Term Bonds are retired at the times of and in amounts provided for by the Mandatory Sinking Account Payments applicable to such Term Bonds), (2) the principal amount of then Outstanding Serial Bonds falling due by their terms, and (3) the aggregate amount of all Mandatory Sinking Account Payments required with respect to such Bonds; all as calculated for said Bond Year.

Authorized Officer

“Authorized Officer” of the Trustee means and includes the chairman of the board of directors, the president, every vice president, every trust officer and any other officer or assistant officer of the Trustee, other than those specifically above mentioned, designated by a certificate of an Authorized Officer of the Trustee, as an Authorized Officer for purposes of this Certificate.

Authorized Representative

“Authorized Representative” means the Governor or any other person or office designated and authorized as an Authorized Representative by a Statement of the Governor and filed with the Trustee.

Bond Counsel

“Bond Counsel” means, initially, Orrick, Herrington & Sutcliffe LLP, San Francisco, California. Any successor Bond Counsel thereto shall be an attorney or firm of attorneys having a national reputation for expertise in matters relating to governmental obligations, the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code, and familiar with the laws of Guam and procedures of the Government.

Bond Fund

“Bond Fund” means the fund by that name established pursuant to Section 5.01.

Bond Year

“Bond Year” means the period of twelve consecutive months ending on [November 15] in any year in which Bonds are or will be Outstanding.

Bonds, Serial Bonds, Term Bonds

“Bonds” means the Government of Guam General Obligation Bonds, 2006 Series A, authorized by, and at any time Outstanding pursuant to, this Certificate.



“Serial Bonds” means the Bonds, falling due by their terms on specified dates, for which no Mandatory Sinking Account Payments are provided.

“Term Bonds” means the Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

Business Day

“Business Day” means any day on which banks in the cities in which the Principal Offices of each Fiduciary are located are not required or authorized to close and on which the New York Stock Exchange is not closed.

Capital Projects

“Capital Projects” means capital projects to be implemented or equipped using bond proceeds, including: \_\_\_\_\_, and ( ) any other projects approved by subsequent legislation.

Certificate, Order, Request, Requisition, or Statement of the Government

“Certificate,” “Order,” “Request,” “Requisition,” and “Statement” of the Government mean, respectively, a written certificate, order, request, requisition, or statement, executed by an Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

Code

“Code” means the Internal Revenue Code of 1986 or any similar or successor federal law, including any applicable regulations thereunder.

Construction Fund

“Construction Fund” means the fund by that name created pursuant to Section 3.03.

Costs of Issuance

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Government and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to advertising costs, Bond and official statement printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee and the Depository, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, and any other cost, charge or fee in connection with the original issuance of Bonds.

Depository

“Depository” means, with respect to the Construction Fund, [DEPOSITARY], a domestic banking corporation organized under the laws of Guam and authorized to do business within Guam, or its

successor, as Depository hereunder as provided in Section 8.01, and, with respect to any particular Fund or Account, any bank or trust company or other financial institution with similar powers designated by a Supplemental Certificate or a Statement of the Government to act as Depository hereunder for such Fund or Account and, in each case, its successors and assigns.

#### DTC

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

#### Event of Default

“Event of Default” means any of the events specified in Section 7.01.

#### Federal Securities

“Federal Securities” means (1) cash; (2) State and Local Government Series Securities issued by the United States Treasury; (3) United States Treasury bills, notes and bonds, as traded on the open market; and (4) zero coupon United States Treasury Bonds.

#### Fiduciaries

“Fiduciaries” means the Trustee, each Depository and each Paying Agent.

#### Fiscal Year

“Fiscal Year” means the period beginning on October 1 of each year and ending on the next succeeding September 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Government.

#### Fund

“Fund” means each fund established and given a designation pursuant to this Certificate or any Supplemental Certificate.

#### General Fund

“General Fund” means the fund by that name established by the Government.

#### Government

“Government” means the Government of Guam.

#### Governor

“Governor” means the Governor of Guam or any successor to the rights, powers and obligations thereof under the Act with respect to the Bonds.

#### Holder or Bondholder

“Holder” or “Bondholder” means the person in whose name a Bond is registered.

## Independent

“Independent” means, when used with respect to any given Person, that such Person (who may be selected and paid by the Government) is acceptable to the Trustee and (1) is in fact independent and, not under domination of the Government; (2) does not have any substantial interest, direct or indirect, with the Government; and (3) is not connected with the Government as an officer or employee of the Government, but who may be regularly retained to provide services to the Government.

## Interest Accrual Period

“Interest Accrual Period” means, for any particular Bond, each period between successive Interest Payment Dates for such Bond, including in each case in such period the concluding Interest Payment Date but not the beginning Interest Payment Date, and treating the date of original issuance of such Bond as if it were an Interest Payment Date for such Bond for this purpose.

## Interest Payment Date

“Interest Payment Date” means, for any particular Bond, each date specified by this Certificate as an Interest Payment Date for such Bond.

## Investment Securities

“Investment Securities” means any of the following which at the time are legal investments under the laws of the Government of Guam for moneys held hereunder and then proposed to be invested therein: means any of the following which at the time are legal investments under the laws of the Government of Guam for moneys held hereunder and then proposed to be invested therein: (1) obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof hereinafter designated when such obligations are backed by the full faith and credit of the United States of America, limited to: U.S. Treasury obligations (all direct or fully guaranteed obligations); Farmers Home Administration certificates of beneficial ownership; General Services Administration participation certificates; U.S. Maritime Administration guaranteed Title XI financing; Small Business Administration guaranteed participation certificates or guaranteed pool certificates; Government National Mortgage Association guaranteed mortgage backed securities or participation certificates; U.S. Department of Housing & Urban Development local authority bonds; or Washington Metropolitan Area Transit Authority guaranteed transit bonds; (2) obligations of instrumentalities or agencies of the United States of America, specifically limited to: Federal Home Loan Mortgage Corporation participation certificates or debt obligations; Federal Home Loan Banks consolidated debt obligation or letter of credit backed issues; and Federal National Mortgage Association debt obligations or mortgage backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (3) Federal Housing Administration debentures; (4) commercial paper, payable in the United States of America, having original maturities of not more than 92 days and which are rated in the highest category by Standard & Poor's Corporation; (5) interest bearing demand or time deposits issued by state banks or trust companies, savings and loan associations, federal savings banks or any national banking associations, the deposits of which are insured by the Bank Insurance Fund ("BIF") or the Savings Association Insurance Fund ("SAIF") of the Federal Deposit Insurance Corporation or any successors thereto, which (a) are continuously and fully insured by BIF or SAIF or (b) have maturities of less than 366 days and are deposited with banks the short term obligations of which are rated A-1+ by Standard and Poor's Corporation; (6) money market mutual funds or portfolios investing in short-term U.S. Treasury securities, or obligations secured by such securities, rated AAAM or AAAM-G by Standard & Poor's Corporation; and (7) any other investment permitted under the laws of Guam for which confirmation is received from each rating agency then rating the Bonds that such

investment will not adversely affect such agency's ratings on outstanding Bonds. Book-entry securities listed in clauses (1) and (2) of this definition must be held in a trust account with the Federal Reserve Bank or with a clearing corporation or chain of clearing corporations which has an account with the Federal Reserve Bank. Upon notice that the Standard & Poor's rating of the money market portfolio has dropped below AAA, the Trustee is required to immediately withdraw funds and reinvest in Investment Securities to the extent directed by the Government.

#### Legislature

“Legislature” means the Legislature of Guam or any successor to the rights, powers and obligations thereof under the Act with respect to the Bonds.

#### Mandatory Sinking Account Payment

“Mandatory Sinking Account Payment” means, as of any date of calculation with respect to any Bonds, the amount required by this Certificate to be paid by the Government on a given date for the retirement of Term Bonds.

#### Maximum Annual Debt Service

“Maximum Annual Debt Service” means, for any particular Bonds as of any date of calculation, Annual Debt Service on such Bonds for the Bond Year commencing on or after such date for which such sum shall be largest.

#### Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel (who may be counsel for the Government) selected by the Government. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

#### Outstanding

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.08) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Certificate except (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Government shall have been discharged in accordance with Section 10.02, including Bonds (or portions of Bonds) referred to in Section 11.09; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds of the same maturity and tenor shall have been authenticated and delivered by the Trustee pursuant to this Certificate.

#### Participants

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as a securities depository.

#### Paying Agent

“Paying Agent” means any paying agent appointed by or pursuant to Section 8.06 and its successors and assigns as provided in said Section.

Person

“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Principal Office

“Principal Office” means, with respect to the Trustee, the office of the Trustee in Los Angeles, California or, with respect to the transfer, registration, exchange and cancellation of Bonds, the office of the Trustee in St. Paul, Minnesota and with respect to the Depository for the Construction Fund, the office of the Depository in Hagåtña, Guam; in each case at such address as the respective party may have designated for such purpose.

Principal Payment Period

“Principal Payment Period” means the period beginning on the date of issuance of the Bonds and ending [November 15], 2007, and thereafter each period of twelve months ending on a [November 15].

Rebate Fund

“Rebate Fund” means the Fund by that name established pursuant to Section 5.01.

Record Date

“Record Date” means, for any particular payment of principal of or interest or premium on particular Bonds, each date specified as a Record Date for such Bonds by Section 2.02.

Redemption Price

“Redemption Price” means, with respect to any Bond (or portion thereof if less than all of a Bond is to be redeemed) the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Certificate.

Representation Letter

“Representation Letter” means the letter of representations to DTC with respect to the Bonds, and any similar letter with respect to any Bonds to which the provisions of Section 2.10 are made applicable.

Sinking Accounts

“Sinking Accounts” means any special account or accounts established by this Certificate in the Bond Fund for the payment of Term Bonds.

Supplemental Certificate

“Supplemental Certificate” means any certificate hereafter duly authorized and executed by the Government, supplementing, modifying or amending this Certificate; but only if and to the extent that such Supplemental Certificate is specifically authorized hereunder.

## Tax Certificate

“Tax Certificate” means a Certificate of the Government concerning the calculation of any amount to be paid to the United States of America pursuant to Section 148(f) of the Code and any other matters relating to the exclusion of interest on Bonds from gross income for federal income tax purposes.

## Trustee

“Trustee” means [TRUSTEE], appointed by the Government and acting as an independent trustee hereunder with the duties and powers herein provided, and any other corporation or association which may at any time be substituted in its place as such trustee, as provided in Section 8.01.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Certificate with respect to compliance with any provision hereof, including each Certificate of the Government, shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in such instrument; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Government may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such officer knows, or in the exercise of reasonable care should know, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Government) upon a certificate or opinion of or representation by an officer of the Government, unless such counsel or accountant knows, or in the exercise of reasonable care should know, that the certificate or opinion or representation with respect to the matters upon which such officer’s certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Government or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Certificate, but different officers, counsel or accountants may certify to different matters, respectively.

Section 1.03. Equal Security. In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Certificate shall be deemed to be and shall constitute a contract between the Government and the Holders from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Government shall be for the equal and proportionate benefit, security and protection of all Holders of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of issue, sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.